

#13

NEW NUM 1321

LAW OFFICES

ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2973

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*ALSO ADMITTED IN NEW YORK
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TELEPHONE
AREA CODE 202
393-2266

TELEX
440367 A AND A

INTERSTATE COMMERCE COMMISSION

JUL 28 1988 10-1 5 AM
1 5758

RECORDATION NO. _____ Filed 1425
July 28, 1988

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. 8-210A011

Date JUL 28 1988

Fee \$ 13.00

Dear Ms. McGee:

ICC Washington, D. C.

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed copies of a Security Agreement dated as of July 27, 1988, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Equitable Lomas Leasing Corporation
10251 Vista Sorrento Parkway
San Diego, California 92121

Debtor: ACF Industries, Incorporated
3301 Rider Trail South
Earth City, Missouri 63045

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$13 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return s stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

ICC OFFICE OF
THE SECRETARY
JUL 28 10 09 AM '88
MOTOR OPERATING UNIT


Copy sent to - C.T. Kappler

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
July 28, 1988
Page Two

A short summary of the enclosed primary document to appear in the Commission's Index is:

Security Agreement dated as of July 27, 1988 between Equitable Lomas Leasing Corporation, Secured Party, and ACF Industries, Incorporated, Debtor, covering two hundred forty-five (245) covered hopper cars and tank cars bearing ACFX marks and numbers.

Very truly yours,


Charles T. Kappler

Enclosures

SCHEDULE A
(THE EQUIPMENT)

ACF INDUSTRIES, INCORPORATED

<u>CAR COUNT</u>	<u>CAR NUMBERS</u>	<u>AAR DESIGNATION</u>
5	41128 - 41132	C214
85	64811 - 64881 64883 - 64884 64887 - 64898	C214
50	65229 - 65238 65240 - 65247 65250 - 65255 65258 - 65259 65261 - 65265 65267 - 65272 65274 - 65277 65281 65284 - 65287 65290 65293 65295 - 65296	C214
12	65339 - 65350	C214
20	72334 - 72353	T055
16	72562 - 72577	T104
8	72451 - 72458	T105
9	72494 72498 - 72505	T105
2	72512 - 72513	T105
1	72331	T107
26	72147 - 72162 72256 - 72257 72260 - 72262 72264 - 72268	T108
1	72281	T108
4	77357 - 77360	T426
6	77347 - 77352	T564

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

7/28/88

Charles T. Kappler, Esq.
Alvord & Alvord
918 16th Street N.W.
Washington, D.C. 20006

Dear Sir;

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/28/88 at 10:15AM , and assigned recordation number(s). 14863-EE & 14863-FF & 15758

Sincerely yours,

Nesta L. McGee

Secretary

Enclosure(s)

NEW NUMBER
ICC COPY

INTERSTATE COMMERCE COMMISSION

JUL 28 1988 10:15 AM
1 5758
RECORDATION NO. _____ Filed 1425

SECURITY AGREEMENT
BETWEEN
ACF INDUSTRIES, INCORPORATED
DEBTOR
AND
EQUITABLE LOMAS LEASING CORPORATION
SECURED PARTY

Dated as of July 27, 1988

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of July 27, 1988 (the "Security Agreement") between ACF Industries, Incorporated, a New Jersey corporation (the "Debtor"), and Equitable Lomas Leasing Corporation, a Delaware corporation (the "Secured Party") parties to the Term Loan Agreement (the "Loan Agreement") dated as of July 27, 1988, as the same may be amended, modified or supplemented from time to time.

RECITALS

A. Pursuant to Section 1.01 of the Loan Agreement and subject to conditions therein set forth, the Secured Party has agreed to make a loan to the Debtor in the principal amount of \$10,045,775.00 (the "Secured Loan").

B. The principal of and interest on the Secured Loan and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Loan Agreement with respect to the Secured Loan, the Note of the Debtor issued pursuant thereto or this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured."

Section 1. DEFINITIONS

1.1 As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Capitalized terms used but not defined here shall have the meanings assigned to them in the Loan Agreement. Defined terms in this Security Agreement shall include in the singular number the plural and in the plural number the singular.

"AAR" shall mean the Association of American Railroads.

"AAR Destroyed Value" shall have the meaning specified in Section 6.1(c) hereof.

"Assigned Leases" shall have the meanings specified in Section 2.2 hereof.

"Assigned Lease Proceeds" shall have the meaning specified in Section 2.2 hereof.

"Cash Collateral Account" shall have the meaning specified in Section 5.2.

"Casualty Loss" shall have the meaning specified in Section 5.2.

"Casualty Loss Proceeds" shall have the meaning specified in Section 5.2.

"Collateral" shall have the meaning specified in Section 2 hereof.

"Cost" shall mean, when used with respect to Equipment not built by the Borrower or any affiliate of the Borrower, the actual cost to the Borrower thereof and, with respect to Equipment built by the Borrower or any such affiliate, shall mean "car builder's cost", including direct cost of labor and material and overhead, but excluding the overhead of the Borrower's corporate headquarters and any manufacturing profit.

"Debtor" shall mean ACF Industries, Incorporated.

"Equipment" shall have the meaning specified in Section 2.1.

"ICA" shall mean the Interstate Commerce Act, as amended.

"Indebtedness hereby secured" shall have the meaning specified in the second recital hereof.

"Item of Equipment" shall have the meaning specified in Section 2.1 hereof.

"Lien" shall have the meaning specified in Section 3.3 hereof.

"Loan Agreement" shall mean the \$10,045,775.00 Term Loan Agreement dated as of _____, 1988 between the parties of this Security Agreement.

"Permitted Lien" shall have the meaning specified in Section 3.3 hereof.

"Replacement Unit" shall have the meaning specified in Section 5.2(a) hereof.

"Secured Loan" shall have the meaning specified in the first recital hereof.

"Secured Party" shall mean Equitable Lomas Leasing Corporation, a Delaware corporation.

"Security Agreement" shall mean this Security Agreement as specified in the first paragraph hereof.

"UCC" shall mean the Uniform Commerical Code as in effect in the State of Missouri unless otherwise specified.

"Value" shall mean, with respect to an Item of Equipment subject to a Casualty Loss, the lesser of (a) the fair market value thereof or (b) the Cost of such Item of Equipment less 1/10 of such Cost for each year elapsed between the date such Item of Equipment was first put into use and the date on which the Casualty Loss occurred.

Section 2. SECURITY

Grant of Security. The Debtor, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the

payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions contained in the Loan Agreement and in this Security Agreement and the Note, does hereby transfer, convey, warrant, mortgage, deliver, pledge, assign, and grant to the Secured Party, its successors and assigns, a lien on and continuing security interest in, all and singular of the Debtor's rights, title and interest in and to the properties, rights, interests and privileges described in Sections 2.1, 2.2 and 2.3 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

2.1 Equipment Collateral. Collateral includes certain railroad tank cars and covered hopper cars (collectively the "Equipment" or "Items of Equipment" and individually an "Item of Equipment") described on Schedule A hereto together with all accessories, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom and the proceeds thereof and, to the extent the Equipment constitutes same, inventory of the Debtor.

2.2 Rental Collateral. Collateral also includes, subject to Section 4 hereof, all right, title and interest of Debtor in and to each and every lease relating to the Equipment but to and only to the extent relating to the Equipment (each such lease being an "Assigned Lease"), and all payments due and to become due under any Assigned Lease, whether as contractual obligation, damages or otherwise to the extent such payments are derived from the Equipment (the "Assigned Lease Proceeds").

The Secured Party shall be entitled to collect and receive the Assigned Lease Proceeds only upon the occurrence of and during the continuance of an Event of Default.

2.3 Cash Collateral Account. Collateral also includes the Cash Collateral Account, as defined in Section 5.2, all amounts from time to time on deposit therein and all investments made with the proceeds thereof.

Section 3. COVENANTS AND WARRANTIES OF THE DEBTOR

The Debtor covenants, warrants and agrees as follows:

3.1 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in this Security Agreement, the Loan Agreement and the Note and in each and every supplement thereto or amendment thereof which may at any time or from time to time to be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants, amendments or supplements to the Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

3.2 Maintenance; Insurance

(a) The Debtor at its own expense will maintain and keep or caused to be maintained and kept each Item of Equipment in good order and repair at its own cost and expense, unless and until it becomes worn out, lost or destroyed.

(b) The Debtor will maintain, or cause to be maintained with responsible insurance companies, such insurance on such of its properties, in such amounts and against such risks as is customarily maintained by similar

businesses, and in any event, in an amount not less than the full fair insurable value of all of the assets and properties of the Debtor and its Subsidiaries where insurance is customarily maintained by the Debtor. For the purpose of this Section 3.2(b), insurance shall include self-insurance, provided the Debtor maintains or causes to be maintained adequate reserves to cover the risks not otherwise insured. Within 30 days of the end of each fiscal quarter of the Debtor, the Debtor shall furnish to the Secured Party a certificate of the chief financial officer or the President of the Debtor evidencing the maintenance of the insurance.

3.3 Warranty of Title. The Debtor has the right, power and authority to grant a valid first priority lien on and security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; no Lien (as hereinafter defined) currently attaches to the Collateral and the Debtor will warrant and defend the title to the Collateral against all claims and demands of all third persons or persons claiming by, through or under the Debtor. The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined). As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lease, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement under the Interstate Commerce Act "ICA" or the Uniform Commercial Code ("UCC") of any jurisdiction). As used herein, "Permitted Liens" shall mean (a) the Lien created by this Security Agreement and the Assigned Leases; (b) the Lien of taxes, assessments or governmental charges or levies which are not at the time delinquent; (c) the Lien of taxes, assessments or governmental charges or

levies which are delinquent but the validity of which is being contested in good faith by appropriate action diligently pursued, if the Debtor shall have set aside on its books such reserves (segregated to the extent required by generally accepted accounting principles, if any, as deemed by it appropriate and adequate in accordance with generally accepted accounting principles), provided that such proceeding shall suspend the collection of such taxes, assessments or governmental charges and, the security interest in the Collateral, or any part thereof, would not in the opinion of the Secured Party be adversely affected or forfeited during the period of such contest; (d) Liens to secure obligations under worker's compensation laws or similar legislation to secure public or statutory obligations of the Borrower or any of its Subsidiaries; (e) Liens imposed by law; (f) Liens (including deposits) in connection with or to secure performance of bids, tenders, contracts (other than contracts creating or evidencing Debt for borrowed money) or leases or to secure statutory obligations, surety or appeal bonds or indemnity, performance or similar bonds; (g) Liens in connection with litigation being contested and judgment Liens in proceedings which are being (or which will be) duly appealed and for which stay of execution has been (or is reasonably expected to be) received.

3.4 Further Assurances. The Debtor will, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest with the ICC, the Secretary of State of Missouri and the Registrar General of Canada being herein provided for in the Collateral, whether now owned or hereafter acquired.

3.5 Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party with the ICC, the Secretary of State of Missouri and the Registrar General of Canada in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of any supplement to this Security Agreement opinions of counsel for the Borrower, Alvord & Alvord, Stryker, Tams & Dill and Scott & Ayles respectively, which opinions shall cover the matters set forth in paragraphs (e), (f), (g) and (h) of Exhibit C to the Term Loan Agreement, in accordance with the terms of such Exhibit C.

UL 7/27/88
[Signature]

3.6 Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party, upon the occurrence and during the continuance of an Event of Default hereunder, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Assigned Lease Proceeds hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Assigned Lease Proceeds and the security intended to be afforded hereby. Debtor shall, promptly upon execution of this

Agreement, insert in the file with each of the Assigned Leases a statement substantially as follows: "All or part of this Lease and the rents and proceeds thereof have been assigned to Equitable Lomas Leasing Corporation." Such statement shall remain in the files until the Secured Loan is paid in full.

3.7 Chief Executive Office; Corporate Name Records. The chief executive office of Debtor is located at 3301 Rider Trail South, Earth City, Missouri 63045.

Section 4 SPECIAL PROVISIONS CONCERNING LEASES

4.1 Rights Regarding Assigned Leases. Until the occurrence and continuance of an Event of Default, Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Assigned Leases, including, without limitation, the right to receive any and all monies due or to become due under the Assigned Leases, and to retain all copies (original or duplicates) of Assigned Leases. During the term of this Agreement, Debtor covenants that unless otherwise required by law or order of any court or governmental agency it shall hold the original Assigned Leases at its corporate headquarters at 3301 Rider Trail South, Earth City, Missouri 63045 or any successor address and will give Secured Party sixty (60) days prior written notice of any change in the location of such headquarters. If Debtor is required by such law or order to remove the Assigned Leases from its corporate headquarters, Debtor shall notify Secured Party of same as promptly as is practicable under the circumstances. Upon the occurrence of any Event of Default and while such default is continuing, Debtor shall upon written demand turn over to Secured Party any Assigned Lease Proceeds it may receive.

4.2 Inspection. Secured Party may, from time to time upon reasonable notice to Debtor and during Debtor's normal business hours, inspect the Assigned Leases in Debtor's offices.

4.3 Certification. Within 30 days after the end of each of Debtor's fiscal quarters during the term of this Agreement, an appropriate officer of Debtor shall certify to Secured Party that: (i) during such quarter and through the date of such certification, to the knowledge of that officer no Event of Default as defined in the Term Loan Agreement has occurred and remains uncured and (ii) as of the date of such certification to the knowledge of that officer no facts or circumstances exist which, with the passage of time or the giving of notice or both, and after giving effect to any applicable cure period, would constitute such an Event of Default.

Section 5. POSSESSION AND USE OF EQUIPMENT

5.1 Possession of Collateral. So long as there is no Event of Default hereunder or an event which, with the giving of notice or lapse of time or both, would constitute such an Event of Default, the Debtor and lessee under an Assigned Lease shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral, including each Assigned Lease, and to manage, operate and use the Equipment and each part thereto with the rights and franchises appertaining thereto.

5.2 Insurance Proceeds.

(a) In the event that at any time prior to occurrence of an Event of Default any Item of Equipment is destroyed, lost, stolen, irreparably damaged or missing for a period in excess of sixty (60) days, taken by any governmental entity (including without limitation condemnation, confiscation, requisition, taking of title or use by any governmental entity) or otherwise

becomes unusable in the business of the Debtor (a "Casualty Loss") Debtor shall notify the Secured Party within fifteen (15) days of the date it learns of the Casualty Loss and, at the option of the Debtor within sixty (60) days after the occurrence of the Casualty Loss, either (i) the Debtor shall replace such Item of Equipment with a replacement unit of standard gauge railroad equipment of equal or greater value and utility (the "Replacement Unit") and any proceeds in an amount not to exceed the Value of such Item of Equipment, payable to the Debtor or to the Secured Party as a result of each such Casualty Loss whether in respect of insurance proceeds, condemnation awards or otherwise (collectively, "Casualty Loss Proceeds") shall be retained by or paid to the Debtor as reimbursement for the costs of such replacement or (ii) the Secured Party shall be entitled to retain, and to hold as additional Collateral hereunder in accordance with the following provisions any Casualty Loss Proceeds (except to the extent that the aggregate amount of such Casualty Loss Proceeds does not exceed \$100,457.75 which amount may be retained by Debtor).

(A) To the extent that the Debtor shall receive any Casualty Loss Proceeds, such proceeds shall be held in trust for the benefit of the Secured Party and shall be promptly turned over to the Secured Party in the exact form received (except for any necessary endorsements) to be held by the Secured Party as Collateral as aforesaid.

(B) All such Casualty Loss Proceeds shall be deposited by the Secured Party into a special cash collateral account (the "Cash Collateral Account") with the Secured Party at a bank designated by Debtor and reasonably acceptable to Secured Party, in the name of the Debtor but under the sole control and dominion of the Secured Party, for so long as, but only so long as, the Security Agreement shall be in full force and effect.

(C) All amounts from time to time on deposit in the Cash Collateral Account shall, so long as no Event of Default shall have occurred and be continuing, be invested by the Secured Party at the direction of Debtor in certificates of deposit with such maturities as Debtor shall request.

(D) Except as otherwise provided herein, amounts on deposit in the Cash Collateral Account shall not be released by the Secured Party except to the extent that all or any part of such amount is to be applied, at the option of Debtor, to prepay, in whole or in part, or to satisfy any scheduled amortization of the Secured Loan, without any premium or penalty.

(b) To the extent of available funds in the Cash Collateral Account, and so long as no Event of Default has occurred and is continuing, the Debtor shall be entitled to repayment of the Casualty Loss Proceeds and any earnings attributable thereto at such time as the Debtor has replaced the Item or Items of Equipment with respect to which the Casualty Loss Proceeds were paid with a Replacement Unit and has otherwise complied with the provisions of this Section 5.2.

(c) Upon the occurrence and during the continuance of any Event of Default, all Casualty Loss Proceeds shall be paid to the Secured Party and applied by the Secured Party as specified in Section 6.3.

(d) So long as no Event of Default shall have occurred and be continuing, upon the request of Debtor, the Secured Party shall execute and deliver releases in a form reasonably satisfactory to Debtor releasing (i) all the Secured Party's interest in and to any Item of Equipment, and (ii) such Item of Equipment from the Lien of this Agreement, provided, however, that no Item of Equipment shall be so released unless simultaneously there shall be subject to the Lien of this Agreement and the interest of the Secured Party

other Equipment of not less than the aggregate Value of any Item or Items of Equipment to be so released, the Value of which as of the date of such release shall be certified to by an officer of the Debtor. The foregoing shall not be deemed in any way to limit the Debtor's right to purchase any Replacement Unit in the event of a Casualty Loss or Casualty Losses pursuant to this Section 5.2.

Section 6. SECURED PARTY'S RIGHTS

6.1 The Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in the Loan Agreement has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the ICA and under the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), as applicable, and the Secured Party shall have the following rights and remedies:

(a) Upon the occurrence of any Event of Default and during the existence thereof, the Secured Party shall have all the rights of a secured party under the ICA or the UCC to enforce the assignments and security interests contained herein.

(b) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold.

(c) Any Collateral repossessed by the Secured Party under or pursuant to this Section 6.1 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Party may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Secured Party or after any overhaul or repair which the Secured Party shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the times at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for 10 days after the giving of such notice, to the right of Debtor or any nominee of Debtor to acquire the Collateral involved at a price or for such other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Secured Party's option, be subject to reserve) after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the City of New York. To the extent permitted by any such requirement of law, the Secured Party may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without

accountability to Debtor (except to the extent of surplus money received as provided in Section 6.3). In the payment of the purchase price therefor, the Secured Party shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Secured Party on account of the indebtedness hereby secured and the Secured Party may deliver the claims for interest on or principal of the Secured Loan or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Secured Party shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Secured Party need give Debtor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(d) The Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other legal or equitable remedy available under applicable law.

6.2 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and

assigns, and against any and all persons claiming the property sold, or any part thereof under, by or through the Debtor, its successors or assigns.

6.3 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the amount then owing or unpaid on the Loan for principal and interest and any other amounts then owing under the Agreement in respect of Loan; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loan, then first to unpaid interest thereon, and second, to unpaid principal thereof; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same it being understood that Debtor shall remain liable to the Secured Party to the extent of any deficiency between the amount of the proceeds of such disposition and the aggregate amount of the sums referred to in clauses (a) and (b) of this Section 6.3. *AF. UL 7/27/88*

6.4 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined

adversely, then, and in every such case, the Debtor and Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

6.5 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

6.6 Indemnity. The Debtor agrees to indemnify, protect and hold harmless the Secured Party from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof (except arising from the wilful misconduct or gross negligence of the Secured Party), and expenses in connection therewith, including, but not limited to,

reasonable counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Security Agreement, the retention by the Secured Party of a security interest in the Collateral, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or repossession of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or repossession of any of the Collateral resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Secured Party or during the period of the transfer of such security interest in the Collateral by the Secured Party pursuant to any of the provisions of this Security Agreement.

Section 7. MISCELLANEOUS

7.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

7.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States certified mails, first class, postage prepaid, addressed as set forth in Section 8.02 of the Loan Agreement.

7.4 Release. At the expense of the Debtor, the Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged. Upon the release of this Security Agreement, all amounts in the Cash Collateral Account shall be under the sole dominion and control of the Debtor.

7.5 Governing Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of Missouri; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights, arising out of the filing, recording or deposit hereof, if any.

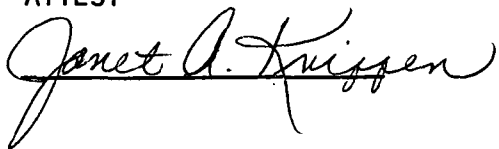
7.6 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together constituting only one Security Agreement.

7.7 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

(CORPORATE SEAL)

ATTEST



ACF INDUSTRIES INCORPORATED

By: Unesh Chokh
Title: Assistant Treasurer

By: _____
Title: _____

EQUITABLE LOMAS LEASING CORPORATION

By: [Signature]
Title: Vice President

STATE OF Missouri)
COUNTY OF St. Louis) ss.:

On this 27th day of July, 1988, before me, personally appeared Umesh Choksi to me personally known, who being by me duly sworn, says that he resides at 2031 Schoettler Valley Drive, Chesterfield, MO and is Assistant Treasurer of ACF Industries, Incorporated, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors on July 27, 1988; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

W. MARINETA ZIMMERMAN
NOTARY PUBLIC STATE OF MISSOURI
ST. CHARLES COUNTY
MY COMMISSION EXP. APR. 7, 1990
ISSUED THRU MISSOURI NOTARY ASSOC.

W. Marineta Zimmerman
Notary Public

(SEAL)

STATE OF Missouri)
COUNTY OF St. Louis) ss.:

On this 27th day of July, 1988, before me, personally appeared Paul M. Jurkoic to me personally known, who being by me duly sworn, says that he resides at 3018 Courser Ave., San Diego, CA and is Vice President of Equitable Lomas Leasing Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors on July 27, 1988; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

W. MARINETA ZIMMERMAN
NOTARY PUBLIC STATE OF MISSOURI
ST. CHARLES COUNTY
MY COMMISSION EXP. APR. 7, 1990
ISSUED THRU MISSOURI NOTARY ASSOC.

W. Marineta Zimmerman
Notary Public

(SEAL)

SCHEDULE A
(THE EQUIPMENT)

ACF INDUSTRIES, INCORPORATED

<u>CAR COUNT</u>	<u>CAR NUMBERS</u>	<u>AAR DESIGNATION</u>
5	41128 - 41132	C214
85	64811 - 64881 64883 - 64884 64887 - 64898	C214
50	65229 - 65238 65240 - 65247 65250 - 65255 65258 - 65259 65261 - 65265 65267 - 65272 65274 - 65277 65281 65284 - 65287 65290 65293 65295 - 65296	C214
12	65339 - 65350	C214
20	72334 - 72353	T055
16	72562 - 72577	T104
8	72451 - 72458	T105
9	72494 72498 - 72505	T105
2	72512 - 72513	T105
1	72331	T107
26	72147 - 72162 72256 - 72257 72260 - 72262 72264 - 72268	T108
1	72281	T108
4	77357 - 77360	T426
6	77347 - 77352	T564